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## STATEMENT

BY

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**PERMANENT MISSION OF THE REPUBLIC OF KENYA TO**  
**THE UNITED NATIONS**

**DURING THE HIGH LEVEL DIALOGUE ON FINANCING**  
**FOR DEVELOPMENT**

ON

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Please check against delivery

**Mr. President,**

**Hon Ministers,**

**Excellencies,**

**Ladies and Gentlemen.**

At the outset, I wish to thank you, Mr. President, for the opportunity to deliver this statement. At the same time, I also thank you for organizing this timely high level dialogue to deliberate on this important topic ‘The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead’. We believe this is an important opportunity to review the status of implementation.

Kenya delegation aligns itself with the statement made by the distinguished representative of Argentina on behalf of the G-77 and China, and the distinguished representative of the United Republic of Tanzania on behalf of the African Group.

**Mr. President,**

Kenya is one of the African countries that were worst hit by the recent global financial and economic crisis. The crisis demonstrated some of the weaknesses in the functioning of the global economy and the need to urgently reform the international trade and financial architecture. The crisis posed dire consequences for global trade, investment and growth. For Kenya and Africa as a whole, the crisis threatened to reverse progress in economic performance and management.

Kenya emphasizes that various external and often unforeseen events continue to jeopardize the global community’s attempts at inclusive economic development.

These events include international conflicts, natural disasters and a global economic crisis in which key financial markets have lost value and stability. Kenya stresses that a combination of these elements tends to reverse the progress that has been made in the area of development finance.

**Mr. President,**

Kenya reiterates that the implementation of the Monterrey Consensus has been slow and progress remains limited in realizing its objectives. Whereas it is true that some progress has been achieved in the area of debt relief, and to some extent official development assistance (ODA), it is equally true that foreign capital flows and international trade has been disappointing. African countries are experiencing weaker export revenues, lower investment and growth rates, and shrinking remittances and FDI flows, which constrain their capacity to meet the Monterrey commitments.

Although the Monterrey Consensus reaffirms the importance of mobilizing domestic resources through taxation, which is the main domestic financial resource for Kenya and most African countries, this has been hampered by the limitations of low taxable capacity. It is important to note that this taxable capacity is fundamentally a factor of per capita income, trade levels, and the shares of agriculture and other important sectors of economy.

**Mr. President,**

Domestic savings also play critical role in the investment. However, it is important to note that the level of domestic savings in many developing countries is still low mainly due to exogenous factors. This is serious constraint to economic growth. The challenge remains how to increase domestic savings and channel them into socially-productive sectors in the wake of new and emerging challenges such as the recent drought in the Horn of Africa and its attendant humanitarian crisis. Despite such challenges Kenya has moved

forward to explore innovative sources of financing. In this regard, Kenya recently tapped into the savings of it's in the Diaspora by launching the first 12-year Diaspora bond to fund infrastructural projects in the country.

**Excellencies,**

**Ladies and Gentlemen,**

The indispensable role that international capital flows play as a source of investment, technology and economic growth in many developing countries cannot be denied. The FDI has become one of the most important sources of development financing in Africa. Yet the net FDI inflow to the continent is declining and/or stagnating, and remains largely concentrated in the extractive industries. Kenya has created conducive investment environment and urges potential investors to seize the opportunity and invest in its diverse economy, particularly in areas that would generate decent employment, lead to transfer of knowledge and local capacity-building.

**Mr. President,**

Official Development Assistance (ODA) remains an important source of development finance. While available data as of 2009 shows that some countries have met their commitments of 0.7 per cent of their gross national income, there is need to fast-track and fulfil remaining commitments. In this regard, Kenya emphasizes the urgent need for increased aid effectiveness by paying particular attention to aid quality, quantity and disbursement in a timely fashion.

**Mr. President,**

Allow me to comment briefly on the Doha Declaration on Financing for Development. Kenya remains supportive of the World Trade Organization (WTO) in its efforts to promote and strengthen a rule-based multilateral trading system (MTS) and the reforms that it has initiated. We emphasize that for the multilateral trading system to remain viable now and in the future, there is urgent need to inculcate political leadership, pragmatism and the spirit of compromise and realism in the process.

In this regard, Kenya reaffirms its commitment to the successful conclusion of the Doha Round of trade negotiations. The most significant economic development that the world must strive to achieve is the completion of the Doha Round of trade negotiations. In deed for almost a decade when these talks have stalled, developing countries, in particular African countries have borne the greatest brunt.

Accordingly, we emphasize that failure to conclude the Doha Round continues to block our only route to international trade. We must all recognize that the rich and powerful nations have the capacity to open new channels of trade but developing countries do not have this option. Our only way to international trade is through the multilateral route. Therefore, Kenya urges parties to resolve all long-standing issues, in particular the disputes over agricultural and non-agricultural market access (NAMAs) trade protectionism among others in order to conclude the negotiations in a timely fashion. Failure is not an option and continued stalemate is worse for developing countries.

**Mr President,**

To conclude, Kenya wishes to note that under the foregoing challenges related to financing for development, it is impossible to achieve internationally agreed development goals, including the MDGs by 2015. Therefore, we reiterate the need for increased political commitment in order to fulfil all the international

agreements reached at major UN Conferences and Summits on Financing for Development.

I thank you.